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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 003086

SIPDIS

E.O. 12958: DECL: 04/24/2015 TAGS: <u>PREL MASS EAID IN NP</u>

SUBJECT: PMO CONFIRMS MILITARY ASSISTANCE TO NEPAL STILL

CONDITIONAL

REF: NEW DELHI 2951

Classified By: PolCouns Geoff Pyatt. Reasons 1.4 (b,d)

11. (C) Summary: Contrary to reports sourced to the King of Nepal that India had reversed its suspension of military supplies, the PMO has confirmed to us press reports that India will only resume military assistance to Nepal in exchange for concrete progress towards restoration of democracy. The PM's unexpected decision to meet with Gyanendra on April 23 suggests that the King said the right things about democracy in his April 22 meeting with the Indian Foreign Minister. We expect to learn more about where the GOI stands on assistance conditionality after Foreign Secretary Saran returns to New Delhi late on April 25. End

SIPDIS Summarv.

## Surprise Announcement

- 12. (C) After a week of speculation on whether PM Manmohan Singh would even meet King Gyanendra at the Asian-African Summit in Jakarta (reftel), both the PM and Foreign Minister Natwar Singh met with the Nepalese monarch. The meeting with the Foreign Minister appears to have been uneventful, and was followed by the standard MEA recitation of India's hope for the restoration of multi-party democracy. Following a one-on-one meeting with the PM on April 23, Gyanendra made a surprise statement to the Indian press indicating that the Indian PM had promised to resume arms supplies to Nepal. When asked about the statement at a later press conference, the PM sidestepped the issue, saying only that "we will look at these things in the proper perspective."
- 13. (C) MEA sources seemed to be caught by surprise by the King's unqualified announcement. MEA Under Secretary (Nepal) Manu Mahawar told us on April 25 that he had no information about any change of policy on India's suspension of military assistance. Meanwhile, the Communists denounced the idea, calling the reported resumption of Indian arms supplies "wrong and unjustified," and requesting that the government consult with Parliament and clarify its position.

GOI Sticking to Democracy Conditions

14. (C) Attempting to clear up the confusion over what exactly was promised, GOI sources on April 25 told the traveling press on the PM's plane back from Indonesia that Manmohan Singh had conditioned the resumption of arms on New Delhi's long-stated demands for lifting political restrictions, releasing detainees, and progress toward restoration of democratic institutions. The GOI briefer noted that the King had overlooked the fact that the normalization of assistance was linked to a series of specific steps the palace had to take. PMO Media Advisor Sanjaya Baru confirmed to PolCouns on April 25 that the press reports were accurate in describing a democratization quid pro quo for the restoration of Indian aid.

## Comment

15. (C) India appears to have turned a corner on its approach to the King from one of angry isolation to quid pro quos aimed at bringing Nepal back to the democratic path. In this regard, the GOI approach appears to be converging with our own. The fact that the PM decided to meet the King in Jakarta, and the MEA's announcement that it would not object to a rescheduled SAARC summit (after scrubbing the February meeting in part because of Gyanendra's actions) demonstrate India's desire to return to more normal relations with the monarch. However, even as it recalculates its relation with Gyanendra, the GOI appears to be maintaining its line on the need for specific steps to justify a resumption of military aid. On this, we expect to hear more about what the King promised the Indians in Jakarta after Foreign Secretary Saran returns from Indonesia late on April 25.